

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01 CIAE-00

INR-05 NSAE-00 OMB-01 EB-07 COME-00 L-02 H-01 EUR-12

TRSE-00 /065 W

----- 044233

R 011242Z DEC 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9241

INFO USCINCEUR VAIHINGEN GER

SECDEF WASHDC

CNO WASHDC

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E.O. 11652: N/A

TAGS: MILI, EIND, IR

SUBJECT: NAVAL BASE CONSTRUCTION

REF: A. STATE 263292 (NOTAL); B. EMBASSY MEMO NOV 6 (NOTAL)

1. EMBOFFS DEC 1 DISCUSSED CHAH BAHAR PROJECT WITH LOCAL BROWN AND ROOT REPRESENTATIVE USSERY WHO CONFIRMED OUR PREVIOUS UNDERSTANDING OF STATE OF PLAY. ACCORDING TO OUR SOURCES, THERE ARE THREE MAJOR CONTENDERS FOR NAVAL BASE HARBOR CONSTRUCTION CONTRACT: BROWN AND ROOT, COSTAIN (BRITISH) AND A DUTCH-GERMAN CONSORTIUM. ALL THREE ARE CONSIDERED BY IRANIANS TO BE TECHNICALLY QUALIFIED WITH SOUND REPUTATIONS. CONTRACT WILL BE ON A COST-PLUS BASIS AND FIRMS' BIDS INCLUDE THEIR PROPOSED PROFIT RATES. TOTAL COSTS OF PROJECT ARE NOT YET KNOWN.

2. USSERY SAID (AND WE HAVE ALSO HEARD) THAT "OTHER CONSIDERATIONS" MAY PLAY ROLE IN FINAL SELECTION BUT NEITHER USSERY NOR WE HAVE BEEN ABLE TO IDENTIFY WHAT THESE MAY BE.

3. BROWN AND ROOT ANTICIPATED THAT IRANIAN DECISION WOULD

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BE REACHED LAST WEEK BUT NO ANNOUNCEMENT HAS BEEN MADE. IT IS RUMORED THAT GOI HAS ALREADY CHOSEN CONTRACTOR AND

IS MERELY GOING THROUGH THE MOTIONS TO GIVE APPEARANCE OF CAREFUL EXAMINATION OF BIDS. ONE SOURCE TELLS US DUTCH-GERMAN GROUP MAY BE FRONT-RUNNER, BUT USSERY SAYS HE THINKS HIS FIRM IS FAVORED.

4. USSERY INFORMED US THAT HE HAD NO KNOWLEDGE THAT BRITISH, GERMAN OR DUTCH GOVERNMENTS AS SUCH HAD INTERVENED DIRECTLY WITH GOI ON BEHALF OF THEIR NATIONAL FIRMS. NONETHELESS, HE TOLD EMBASSY THAT HE BELIEVES THAT SOMEONE, UNKNOWN TO HIM BUT PROBABLY GERMAN, PASSED THE TENDENTIOUS REPORT CITED REFTEL TO IIN. USSERY SAID THAT HE KNEW SHAH HAD BEEN ADVISED, APPARENTLY THROUGH IRANIAN CHANNELS, THAT PROSPECT OF CONGRESSIONAL ACTION WHICH WOULD INTERFERE WITH BROWN AND ROOT CONTRACT WAS VERY UNLIKELY.

5. WE WILL DISCUSS THIS MATTER WITH AMBASSADOR ON HIS RETURN.  
MIKLOS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, NAVAL FORCES, MILITARY BASES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TEHRAN10168  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740348-0335  
**From:** TEHRAN  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1974/newtext/t19741269/aaaachgx.tel  
**Line Count:** 80  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A. STATE 263292 (NOTAL); B. EMBASSY, MEMO NOV 6 (NOTAL)  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GarlanWA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 AUG 2002 by izenbei0>; APPROVED <27 MAR 2003 by GarlanWA>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NAVAL BASE CONSTRUCTION  
**TAGS:** MILI, EIND, IR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005